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Of Counsel
W. Patrick Quast
Charu Narang

September 25, 2009

225783

The Honorable Vernon A. Williams
Secretary, Surface Transportation Board
395 E St. SW
Washington, DC 20423



Federal Express

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**SURFACE
TRANSPORTATION BOARD**

Re: San Francisco Bay Railroad – Mare Island,
Notice of Exemption – Operation

Re: David Gavrich, Notice of Exemption –
Continue in Control

FEE RECEIVED
SEP 28 2009
**SURFACE
TRANSPORTATION BOARD**

Honorable Sir:

Enclosed please find the original and ten copies of the Notice of Exemption of the San Francisco Bay Railroad - Mare Island to acquire operating rights over trackage owned by the City of Vallejo, California on which the California Northern Railroad was the last operator. Also enclosed please find the original and ten copies of the Caption Summary and our client's check for the \$1,800 filing fee.

Enclosed also please find the original and ten copies of the Notice of Exemption of David Gavrich to continue in control of the San Francisco Bay Railroad - Mare Island upon its obtaining operating rights due to his ownership of that railroad and the San Francisco Bay Railroad, a class III rail carrier serving the Port of San Francisco, California. Also enclosed please find the original and ten copies of the Caption Summary and our client's check for the \$1,700 filing fee.

Also enclosed please find a CD with both submissions in PDF format.

Finally, also, please find a self addressed Federal Express envelope and an eleventh copy of each submission. We would appreciate receiving a stamped received copy for our files.

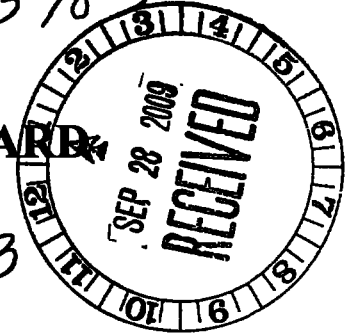
Thank you for your attention to this matter.

Very truly yours,

John F. McHugh

225783

**BEFORE THE
SURFACE TRANSPORTATION BOARD**



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FINANCE DOCKET NO. FD 35303

-NOTICE OF EXEMPTION-

**DAVID GAVRICH, NOTICE OF EXEMPTION TO CONTINUE IN
CONTROL AFTER AUTHORIZATION FOR THE OPERATION OF
A CERTAIN LINE OR RAILROAD BETWEEN FLOSDEN ACRES,
CALIFORNIA AND MARE ISLAND IN THE CITY OF VALLEJO,
CALIFORNIA BY THE SAN FRANCISCO BAY RAILROAD- MARE
ISLAND**

**SURFACE
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SEP 28 2009

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Pursuant to 49 CFR 1180.2(d)(2) David Gavrich seeks to continue in control of the San Francisco Bay Railroad – Mare Island upon the grant of operating authority. Mr. Gavrich currently owns the San Francisco Bay Railroad, formed as LB Railco, Inc. on January 8, 2001, FD_33985_0, to serve a container yard and three piers in San Francisco, California. The San Francisco Bay Railroad operates about 4.3 miles of track owned by the Port of San Francisco. The railroad's name was changed in 2007 from LB Railco to San Francisco Bay Railroad. The San Francisco Bay Railroad – Mare Island will restore rail service on about 8 miles of track in Vallejo, CA on the Northeastern shore of San Pedro Bay to serve a customer which has demanded service of the residual common carrier. The lines owned by the

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TRANSPORTATION BOARD

applicant do not connect and this transaction is not part of a series of transactions to connect the lines.

The applicant is represented in this matter by John F. McHugh, Esq., 6 Water Street, New York, N.Y. 10004, 212-483-0875, Fax 212-483-0876.

a. 49 CFR 1180.6(a)(1)(i):

The San Francisco Bay Railroad - Mare Island, a non-carrier, which has filed a Notice of Exemption to operate about eight miles of track from a junction with the California Northern Railroad at Flosden Acres to the end of tracks on Mare Island in Vallejo, California about 8 miles of track. There has been no service on this line recently but one customer has demanded service. The line has not been abandoned and is owned by the City of Vallejo and was last served by the California Northern. The San Francisco Bay Railroad serves marine facilities and shippers within the Port of San Francisco on about 4.3 miles of track. The two railroads will serve shippers on opposite sides of San Francisco and San Pablo Bays and will not connect, complying with the requirements of 49 CFR 1180(2)(d)(2).

Both railroads are wholly owned by David Gavrich, 100 Cargo Way @ Pier 96 Railyard, San Francisco, CA 94124.

The name of the rail service operators are the San Francisco Bay Railroad and the San Francisco Bay Railroad - Mare Island. The address of

both railroads will be 100 Cargo Way @ Pier 96 Railyard, San Francisco, CA 94124.

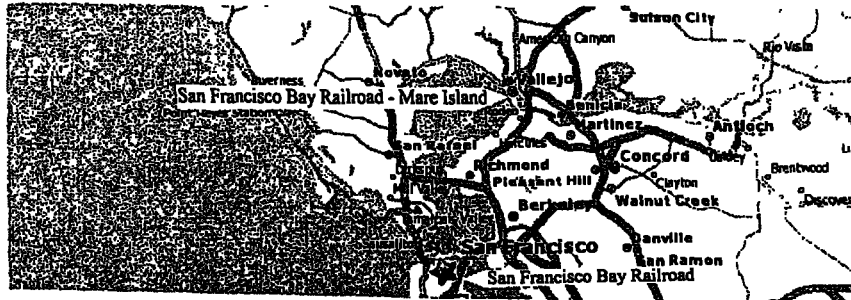
b. 1180.6(a)(1)(ii) Operation will commence when agreements have been finalized, a locomotive obtained and operating authority has been obtained.

c. 1180.6(a)(1)(iii) The purpose of this transaction is to restore rail service to Mare Island in the City of Vallejo, California to meet shipper demands.

d. 49 CFR 1189(a)(2)

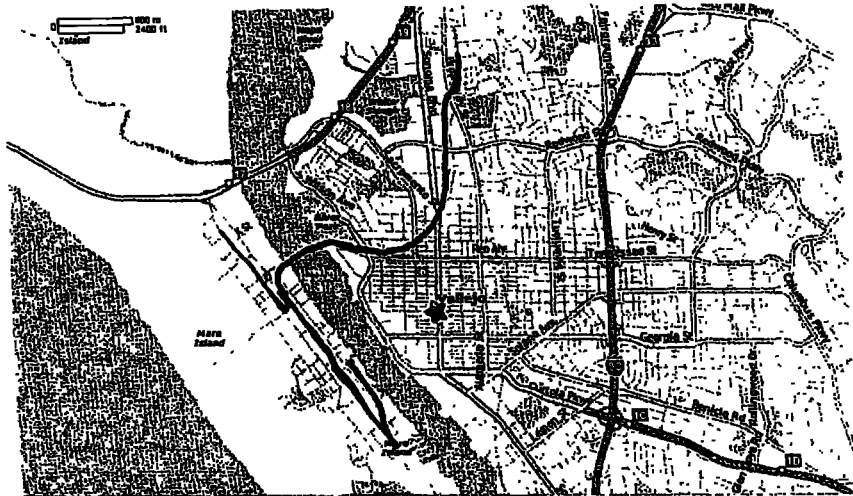
The proposed transaction will restore common carrier freight service to Mare Island at the request of the City of Vallejo to meet the demand of a shipper. The operation will increase employment opportunities in the region. Mare Island has significant industry and commercial space with potential for increased commercial activity. The track is in good physical condition and the petitioner's experience operating safely on city streets will reduce the costs of providing service.

e. 49 CFR 1180(a)(5) all properties in issue are in California and are separated by about 22 miles of San Francisco and San Pablo Bays as follows:

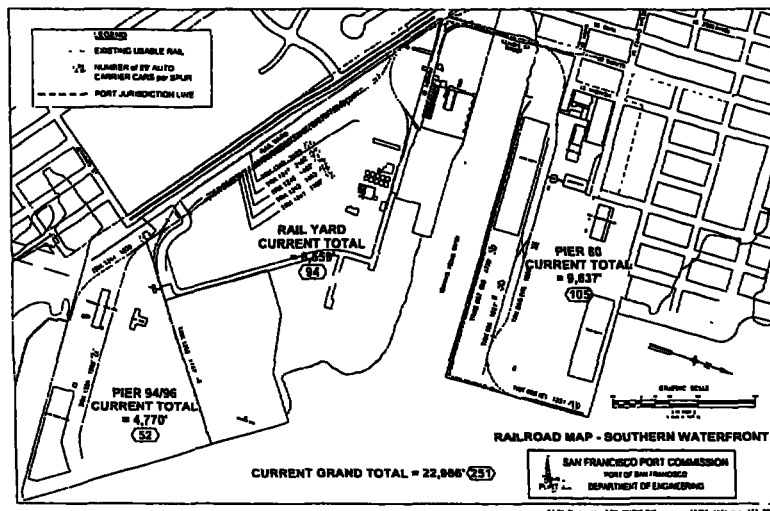


The San Francisco Bay Railroad - Mare Island is depicted

here:



The San Francisco Bay Railroad is depicted here:

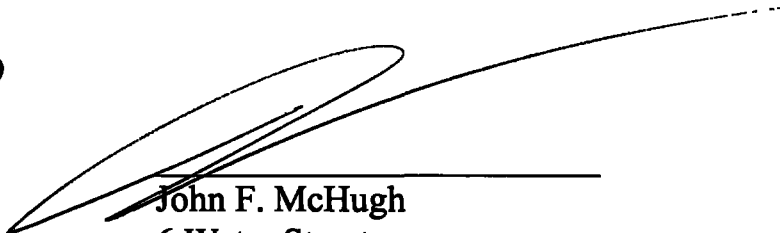


f. Agreements are currently being negotiated.

g. The combined revenues of the two carriers will not exceed those that would qualify the combined carriers as a Class III carrier, Labor Protection does not apply, 49 U.S.C. §11326(c).

h. This transaction will restore service on the line. The line is not abandoned or embargoed. One customer has demanded service of the residual common carrier and has no practical alternative to rail service. Therefore, the transaction will not increase traffic over that which would occur in any case and qualifies for classification under 49 C.F.R. §1105.6(c)(2). Neither an Environmental Report nor a Historic Report is required.

Dated, New York, N.Y.
September 25, 2009



John F. McHugh
6 Water Street
New York, N.Y. 10004
212-483-0875
Fax: 212-483-0876

John F. McHugh, verifies under penalty of perjury that he is the duly appointed representative of David Gavrich and has reviewed the information set forth in this Notice of Exemption and has compared it with

the documents provided by the client and knows that the information herein accurately describes the operation and financial results contemplated by applicant as set forth in those documents to the best of his knowledge and belief.

Dated, September 15, 2009



John F. McHugh

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. _____

**-NOTICE OF EXEMPTION-
CAPTION SUMMARY**

**DAVID GAVRICH, NOTICE OF EXEMPTION TO CONTINUE IN
CONTROL AFTER AUTHORIZATION FOR THE OPERATION OF
A CERTAIN LINE OR RAILROAD BETWEEN FLOSDEN ACRES,
CALIFORNIA AND MARE ISLAND IN THE CITY OF VALLEJO,
CALIFORNIA BY THE SAN FRANCISCO BAY RAILROAD - MARE
ISLAND**

David Gavrich seeks to continue in control of the San Francisco Bay Railroad pursuant to 49 CFR 1180.2(d)(3) upon the acquisition by him of the San Francisco Bay Railroad – Mare Island, a non-rail carrier, which is to operate common carrier rail service between a junction with the California Northern Railroad at Flosden Acres and the ends of track on Mare Island in Vallejo, California. The applicant is represented by John F. McHugh, 6 Water Street, New York, N.Y. 10004, 212-483-0875 fax 212-483-0876.

Dated, New York, N.Y.
September 24, 2009


John F. McHugh
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New York, N.Y. 10004
212-483-0875